

# Treasurer unveils "Investment 2000"

## Amendment to add \$7 million in interest income

A proposal by State Treasurer Bob Holden and the Missouri Bankers Association that could increase earnings from state investments by \$7 million to \$10 million will appear on the November 1998 ballot, thanks to the Missouri Legislature. The legislation that allowed the "Investment 2000" amendment to appear on the general election ballot was passed during the last legislative session.

Supporters of Investment 2000 said the proposal could increase earnings by millions with no appreciable increase in risk.

"The constitutional changes we are proposing will allow the state to increase its earnings while maintaining our traditional, strong margin of safety," Holden said. "Even with these modest changes, Missouri still will maintain one of the safest, most conservative state investment programs in the nation."

Steve Green, chairman of the Missouri



Announcing Investment 2000 were, from left to right, Rep. Tim Harlan; Max Cook, president of the Missouri Bankers Association; Steve Green, chairman of the MBA; State Treasurer Bob Holden; JoAnn Bordeleau and Kennard Whitfield of the Missouri Municipal League; and Kay Murray, president of the County Treasurers' Association.

### Investment 2000

**Results in more than \$7 million in added interest revenue.**

**Extends maximum investment time from three to five years.**

**Adds commercial paper and bankers' acceptances as investment tools.**

**Maintains Missouri's conservative investment practice.**

**Mandates a written investment policy for the office.**

Bankers Association, said his organization is pleased to help the Treasurer's Office improve Missouri's investment program.

"This proposed amendment is the result of a two-year series of discussions about what is the appropriate way to expand the Treasurer's investment authority, what changes are needed and what are the best methods to provide adequate safeguards for our citizens' money," said Green. "We believe that the recommendations are conservative, safe and reasonable."

The "Investment 2000" Amendment is also being supported by the Missouri Independent Bankers Association, the Missouri County Treasurers Association, and the Missouri Municipal League.

The state treasurer currently is limited by the state constitution to investing in U.S. government securities and collateralized time deposits in Missouri financial institutions. Investments also cannot be placed for longer than 3 years.

Holden's proposed amendment to Article

IV, Section 15 would allow the state treasurer to increase the maximum maturity in U.S. Treasury and agency securities from three to five years, and add the highest-rated investment grade commercial paper and bankers' acceptances as allowable investments. His proposal also would add a provision requiring the state treasurer to prepare, maintain and adhere to a written investment policy that includes an asset allocation plan.

"Our number one priority in the investment of public funds is always safety, not earnings," Holden said. "What we are proposing would in no way alter this philosophy."

Holden noted that of the AAA-rated and the 10 best financially managed states, Missouri is the only state that can't purchase either bankers' acceptances or commercial paper.

Sponsoring the Investment 2000 legislation in the Missouri House were Representatives Gene Copeland and Tim Harlan. Senator Ed Quick sponsored the legislation in the Missouri Senate.



# Development to invigorate St. Louis inner city

**L**ow and moderate income families in St. Louis city will have a much greater opportunity to find safe, decent affordable housing thanks to a public/private partnership that is under-



taking an extensive renovation of the 14-unit Compton Place apartment complex in the Carondelet neighborhood. The newly

rehabilitated apartments are expected to be available this summer.

"This project is the product of a mutually beneficial partnership between the state, the city, a local financial institution and a not-for-profit developer that will help fill a critical need for decent, affordable housing in the City of St. Louis," said State Treasurer Bob Holden, who also serves as a member of the Missouri Housing Development Commission (MHDC). "Our experience in Missouri shows that the best way to meet the need for affordable housing is through this kind of public/private partnership."

The project involves substantial renovation of six contiguous masonry buildings in the 5300 block of South Compton. The entire project consists of 14 units: 4 one-bedroom apartments and 10 three-bedroom units. Two of the units will be handicapped accessible.

The entire cost of the project is \$1.4 million. To keep rental rates affordable, state and city agencies have teamed with Mark Twain Bank and the St. Louis Equity Fund to provide low-cost financing for the renovation project.

The State Treasurer's Office has placed \$909,000 in state funds with Mark Twain



**Dick Grose, left, executive director of the Missouri Housing Development Commission and State Treasurer Bob Holden toured Compton Place, an apartment complex in the city of St. Louis that will provide affordable, safe housing for low and moderate income families.**

Bank through the MISSOURI FIRST Linked Deposit Program for Multi-Family Housing. Using these funds, Mark Twain Bank will provide low-interest bridge financing to the Compton Place partnership.

Under the MISSOURI FIRST program for multi-family housing, the state treasurer deposits state funds in Missouri banks at below-market rates, so that banks can provide reduced-cost loans to residential property owners and developers for construction or renovation of affordable housing for low and moderate income persons or families.

MHDC has authorized \$213,000 in federal and state low income housing tax credits annually for 10 years. The St. Louis Equity Fund and Mark Twain Bank are

investing a total of \$1.1 million in the project as limited partners by purchasing the low income housing tax credits.

Mark Twain Bank also is providing a \$125,000 first mortgage loan. The City of St. Louis' Community Development Agency is providing a second mortgage loan of \$375,800.

"Compton Place is a perfect example of how government, the private sector and community organizations can collaborate to develop affordable housing," said Sister Donna Day, housing administrator of Intercommunity Housing Association, the project developer and manager. "Compton Place will stabilize this section of the neighborhood and provide support programs to help stabilize families."

## Holden leads trade mission to Mexico

**S**tate Treasurer Bob Holden led a delegation of seven Missouri manufacturing firms on a 6-day trade mission to Mexico earlier this year.

The Mission was designed to assist participating companies in identifying qualified agents, distributors or partners in the industrial centers of Guadalajara, Mexico City and Monterrey.

The seven companies participating in the trade mission were Cassco

International Inc. of Belton; U.S. Display Products of Hawk Point; Carter-Waters Corp. of Kansas City; Rackers Equipment Co. of Jefferson City; Convenience Products of Fenton; Kansas City Milling & Design, Inc. of Kansas City; and Steuby Manufacturing Co. of Ballwin.

The Mission was organized by the Missouri Department of Economic Development and the Missouri International Trade Office in Guadalajara.



# MISSOURI FIRST

## *Firm engineers loan with linked deposit program*

**T**he State Treasurer's Office placed \$5 million in state funds with UMB Bank in Kansas City through the MISSOURI FIRST Linked Deposit Program for Job Creation to help finance the consolidation of Burns & McDonnell Engineering Company at its new world headquarters at 9400 Ward Parkway in Kansas City. The firm's selection of Ward Parkway for its world headquarters will keep 800 existing jobs in Missouri and move 135 jobs into the state.



"The firm of Burns & McDonnell is one of the world's preeminent engineering firms and we should all be very proud that they have chosen Kansas City, Missouri, for their world headquarters," State Treasurer Bob Holden said. "Their decision reaffirms their longstanding commitment to this community, and I'm pleased the state treasurer's office could play a role in demonstrating the state's continuing commitment to this outstanding firm and its employees."

Under the MISSOURI FIRST program for job creation, the state treasurer places deposits of state funds at below market



**State Treasurer Bob Holden, center, toured Burns & McDonnell Engineering Company in Kansas City. The company benefitted from a MISSOURI FIRST Linked Deposit that moved 135 jobs to Missouri and consolidated the engineering company's operations in Kansas City.**

rates in Missouri financial institutions that agree to pass on the savings in the form of low-interest loans to eligible borrowers who are creating or retaining jobs in the state.

Burns & McDonnell, which was established in Kansas City nearly 100 years ago, is a multi-service engineering, architectural and consulting firm that provides services for projects dealing with infrastructure, water treatment, power plants, airports and fueling stations, hazardous waste disposal and landfills, chemical and petroleum

process engineering, and electrical transmission and distribution lines. It has grown from an initial two-man partnership in 1898 to its current size of 1,100 employees worldwide.

Prior to 1996, Burns & McDonnell's Kansas City operations were housed in scattered locations on both sides of the Kansas/Missouri state line. In 1994, the firm began a formal site selection process, culminating in a decision to consolidate all operations at 9400 Ward Parkway in Kansas City.



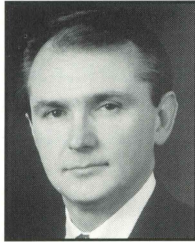
## *Russian delegates learn about state government*

**A group of Russian finance and banking professionals discussed Missouri's budget and investments with State Treasurer Bob Holden. The dignitaries were on a month-long tour of the Midwest.**



# Amendment would boost revenues

**T**his legislative session, we asked the General Assembly to place on the ballot an amendment to the State Treasurer's investment authority contained in Article 4, Section 15 of the Missouri Constitution that could increase earnings from state investments by \$7 million to \$10 million a year with no appreciable increase in risk.



The constitutional changes -- which were passed by the General Assembly and will be on the ballot in November 1998 -- will allow the state to increase its earnings on investments while maintaining our traditional strong margin of safety. Even with these modest changes, Missouri will still have one of the safest, most conservative state investment programs in the nation.

We are calling our proposal the "Investment 2000" amendment because it will better equip us to be sound fiscal managers well into the next century.

With the "Investment 2000" Amendment, the state will be better equipped to manage public funds in the next century in three important ways:

First, it will require the State Treasurer to prepare, maintain and adhere to a written investment policy, which would include an asset allocation plan.

Shortly after I first took office, we established the first formal, written state investment policy that includes appropriate checks and balances designed to safeguard public funds. Every authority on investments preaches the importance of a written investment policy. This amendment would protect taxpayers and ensure the safety of public funds by requiring all future state treasurers to disclose their investment strategies. In short, it would institutionalize by law the highest scrutiny the State Treasurer's Office has ever had.

Second, it would increase the maximum maturity for US Treasury and agency securities from 3 to 5 years.

The modest increase of maturity from 3 to 5 years will add more flexibility in managing the intermediate-term investment fund, which based on historical market conditions, could translate into additional interest earnings of approximately \$7 million.

Finally, it would allow the state treasurer to place state funds in the highest rated investment grade commercial paper and bankers' acceptances.

In our current robust economy, the addition of high-grade commercial paper and bankers' acceptances could bring in a half million dollars in interest annually. But more importantly, these investment tools will give us greater flexibility as the state experiences financial ups and downs.

Risk will be minimized and controlled by restricting investments to A-prime-quality commercial paper and bankers' acceptances, the highest rating category.

Our number one priority in the investment of public funds is always safety, not earnings. What we have proposed would in no way alter that philosophy.

In addition, the proposed amendment provides increased disclosure and accountability to the taxpayers. The amendment's requirement of a written investment policy will be supplemented by monthly reporting on the status of the state's investments.

The new investment instruments have been widely tested for safety and performance in managing public funds. For example:

39 State Treasurers have authorization to purchase commercial paper—that's 75%.

33 State Treasurers have authorization to purchase bankers' acceptances.

Of the six states which have been rated AAA by all rating agencies, only Missouri lacks the authority to invest in either commercial paper or bankers'

acceptances. Four of the six states can invest in both.

In Financial World magazine's ranking of the ten "Best Managed" states, Missouri is the only state without the authority to invest in commercial paper or bankers' acceptances. Seven of the ten states can invest in both.

In my first term as treasurer, my goal was to professionalize the office. We have hired a top quality staff and increased our technological capacity. I believe we have achieved significant results.

We have earned more than a half billion dollars in interest to date.

We are investing a record \$3.7 billion on a daily basis.

By the end of the current fiscal year, we expect to earn more than \$175 million off of the investment of state funds.

And our Investment 2000 amendment

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***"This is money that does not have to come from taxpayers, yet can be used to pay for high priority items."***

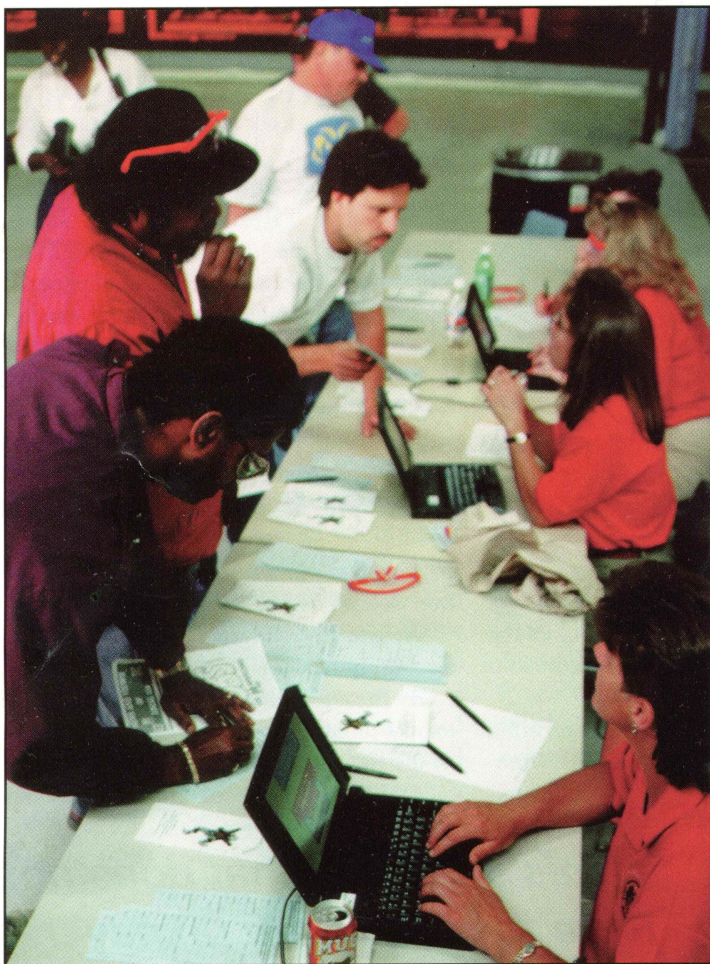
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will increase our flexibility in managing public funds, increase our return on the citizens' tax money and continue Missouri's tradition of conservative investment practices. This is money that does not have to come from taxpayers, yet can be used to pay for high priority items such as education, transportation projects and health care.

I'd like to thank the Missouri Bankers Association, the Missouri Independent Bankers Association, the Missouri Municipal League and the Missouri County Treasurer's Association for their support and help to provide better public funds management in Missouri.



# Unclaimed Property posts record year



**Staff from the Unclaimed Property Division recently checked for cash and other forgotten assets for employees of the Chrysler Plant in Fenton. About \$100 million is waiting to be claimed.**

Antique jewelry, gold coins and turn-of-the-century photographs are among the many treasures left behind in more than 800 abandoned safe deposit boxes turned over this year to the State Treasurer's Office by holders all across Missouri. The staff of the State Treasurer's Unclaimed Property Division devoted more than a week to cataloging the contents of all the boxes.

In addition to the record number of safe deposit boxes turned over this year, the Unclaimed Property Division also saw a record amount of disbursements. More than \$3 million will be returned to the rightful owners during this fiscal year (July 1, 1996, to June 30, 1997). The Division also collected more than \$20 million in cash, stocks and other liquid assets that were abandoned. The state is currently holding more than \$100 million in unclaimed property with over 600,000 individual owner listings.

"Statistically, one in 10 Missourians has unclaimed property," State Treasurer Bob Holden said, "and they are people from all walks of life."

While most unclaimed property turned over to the state consists of cash from abandoned bank accounts and uncollected checks from refunds, utility deposits or even wages from past jobs, the items found in safe deposit boxes are the most fascinating aspect of the unclaimed property program.

"In past years, we've found original papers signed by Abraham Lincoln, solid silver bars and antique Mormon Bibles," Holden said. "We found one box that contained \$68,000 in stacks of old bills."

The cash property is held in trust by the state forever and can be claimed at any time by the original owners or their legal heirs. The physical property from safe deposit boxes is usually held in the State Treasurer's Office for 12 to 24 months while an effort is made to find the owners.

People can check to see if they have unclaimed property by sending their name, address, social security number and last known address, if known, to: State Treasurer Bob Holden, Unclaimed Property Division, P. O. Box 1004, Jefferson City, MO. 65102-1004.

## *Encouraging saving. . .*

State Treasurer Bob Holden visited Burke Elementary School in Kansas City to recognize its participation in the *Dollar\$ & Sense* bank-at-school program. This fall, more than 10,000 students are expected to participate in the program.





# Monthly General Revenue Report

MONTH AND YEAR ENDED JUNE 30, 1997

PREPARED BY THE STATE TREASURER AND THE MISSOURI DIRECTOR OF REVENUE

	FISCAL YEAR-TO-DATE		PERCENT OF INCREASE (DECREASE)
	1997	1996	
Sales and Use Tax	\$1,711,918,849	\$1,623,661,035	5.44 %
Income Tax - Individual	3,410,473,677	3,114,015,738	9.52
Income Tax - Corporate	471,560,566	475,952,178	-0.92
Inheritance - Estate	82,808,839	57,329,820	44.44
Interest	81,130,143	64,887,135	25.03
Liquor	19,025,477	18,936,504	0.47
Beer	7,606,305	7,503,908	1.36
County Foreign Insurance	158,043,999	166,069,784	-4.83
Corporate Franchise	78,462,670	72,274,454	8.56
Other Collections	178,015,020	177,332,585	0.38
<b>Total Department of Revenue Report of Collections</b>	<b>\$6,199,045,546</b>	<b>\$5,777,963,141</b>	<b>7.29 %</b>
Transfers from Other Funds*	91,354,664	34,477,021	164.97
<b>Total State Treasurer Report of Collections</b>	<b>\$6,290,400,210</b>	<b>\$5,812,440,162</b>	<b>8.22 %</b>

\*Fiscal Year 1997 transfers exclude and Fiscal Year 1996 transfers were revised to exclude the Nursing Facility Federal Reimbursement Allowance.

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